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Improvement of Accounting Forms in Multi-Industry Farms

Temirov Furkat Tursoatovich

PhD, Associate Professor of “Accounting” department of Tashkent State University of Economics

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Abstract: *This article provides developed proposals and recommendations on improving the theoretical, methodological and practical bases at multi-industry farms.*

Keywords: *farms, accounting, account policy, accounting register, forms, simplified form of accounting, automated control systems.*

INTRODUCTION

Currently a number of radically new statutory acts, well-thought-out programs on the organization and further liberalization of our economy, improvement of its legal framework, modernization and diversification of production have been adopted and are being consistently implemented in our country. In particular, the role of farms in the development and stabilization of the national economy and its share in the GDP is constantly growing year by year. In this regard, the Decree of the President of the Republic of Uzbekistan №PD-5199 was adopted on October 9, 2017. [1]

This Decree states that the activities of the majority of farms are limited to the cultivation of agricultural products, nowadays farms do not use available opportunities in the development of multi-industry activities, such as processing, storage, sale of finished products and provision of services. In addition, the Decree emphasizes, that the system of enhancing the knowledge and abilities of members of farms, dekhkan entities and owners of household plots in the field of agricultural production, providing them with the necessary data and information, as well as the conditions of organizing labour relations in farms does not meet the requirements of the present time.

Furthermore, the Decree of the President of Uzbekistan №PD-4947 dated February 7, 2017 approved the Action Strategy for the five priority areas of development of Uzbekistan for 2017-2021. The Action Strategy is based on a comprehensive study of current issues of concern to the population and entrepreneurs, analysis of legislation, law enforcement practices and foreign experience. The Action Strategy will be implemented

in five stages, and each stage involves the approval of a separate one-year state program based on the name of the year [2].

In particular, paragraph 3.3 of the Action Strategy, devoted to the priorities of economic development and liberalization, pays particular attention to the modernization and accelerated development of agriculture. Herewith one of the priorities is to create favorable conditions for promotion and development of diversified farms, which are primarily engaged in the production, processing, preparation, storage, sale, construction and provision of services, as well as agricultural production.

In this regard, in order to ensure implementation of the above decree, the issue of establishing multi-industry farms in the country has been raised. With the aim of solving this problem, it is crucially important not only to change its organizational structure, but also to efficiently use and control the property owned by these multi-industry farms. This control implementation is performed through the accounting system. Herewith the development of farms depends in many ways on government support, the level of servicing by lending institutions and other entities, as well as the accuracy of the accounting system, which is being operated in farms. Therefore, it is crucially important to solve the problem related to the current state of the accounting system of farms and its improvement.

Literature review

An entrepreneur, who manages a multi-industry farm, has the right to independently choose the form of accounting. It is advisable to consider the following factors when selecting a form of accounting: the size of a multi-industry farm; its location and specialization; the number of employees hired at the farm; level of training of heads of farms on accounting and other economic, legal and technological issues, etc.

Currently the rapid development of the economy should comply with the form of accounting accepted for a multi-industry farm, its content, information support for the management of all business processes. The development of accounting at farms is quite slow, it has an evolutionary-delayed nature, because research and educational literary sources do not pay adequate attention to these problems.[3, p. 72] At the same time, it is necessary to investigate the process of accounting development and study the methodological rules for its improvement at farms.

The evolution of accounting usually implies the existence of content and form. These concepts have ancient roots and have several meanings as historical categories. Therefore, it is not easy to give a clear and definitive definition of the concepts of “content” and “form”. These concepts have been clarified with the accounting development.

For example, in the opinion of A.M. Galagan: "... in numeration studies a form is a set of records that are considered in terms of their exterior appearance" [4, p. 141].

From the point of view of Barry Elliot, Jamie Elliot, "...the form of accounting should imply a combination of different accounting registers, methods of accounting and its consistency" [5, p. 222]. In describing the form of accounting, in addition to accounting registers, other scholars in their research papers have focused on the interdependence of synthetic and analytical accounting, or on chronological and regular records.

Historically, the forms of accounting have been constantly improved in order to find or create the most optimal option for the generalization and use of information in the management system. Therefore, new or complementary definitions of the accounting form concept have emerged.

According to S. Zinchenko, the use of the technique of calculation facilities can not displace the concept of "form of accounting", because there can be no content without a form and no form without content. They represent the various but interrelated (methodological, organizational, and technical) aspects that constitute accounting. It should be noted that "content" and "form" are dialectical concepts. Their integrity is expressed in the fact that a certain content of accounting "turns" into a certain form. "Content has been transferred into a form and a form has its content" [6, pp. 28-38].

Within conditions of the digital economy development, the use of automated control systems (ACS) does not exclude the need to use a set of traditional accounting registers, as the form of accounting is a tool that is between primary documents and reports. However, the use of ACS does not exclude processing of primary data, their reflection in synthetic and analytical accounting, methods and forms of reporting, but improves them.

In this regard we should mention the opinion of the economist-scholar Z.V. Kiryanova "...no matter how much the interpretation of the form of accounting changes, no matter how much the forms themselves become a whole, their essence is the same, it does not depend on the nature of the accounting techniques used and the ways of combining them with the performance of accounting staff" [7, p. 125].

The methods of processing and presenting information, composition and interrelation of the elements cannot remain unchanged. They are being developed with the evolution of production organization, improvement of the management structure, use of new generations of computers and IT technologies in the automated control system (ACS), advancement of methods for designing information processing. This fact results the emergence of new forms of accounting or improving and updating of current forms of accounting.

The automated form of accounting cannot remain unchanged either, as within the current context of programming development there are various accounting software products that provide many options for data processing and modification of accounting forms.

Research methodology

This article provides proposals and recommendations for optimizing the forms of accounting at multi-industry farms. The methods of scientific abstraction, expert evaluation, induction and deduction, comparison, systematic analysis have been widely applied in the analysis.

Analysis and results

Currently modifications in the accounting content are considered a priority in its development. On the one hand it is related to the development of new economic relations between business entities, which require appropriate content of accounting information, and, on the other hand, the need for complete, urgent, reliable, and useful information to manage entities and their segments.

Some forms of accounting (entry memo, ledger memo, simplified forms, etc.) do not correspond to the rapidly changing content and hinder not only further development, but also efficient functioning of this system as a management function. Therefore, the choice for convenient and efficient forms of accounting is one of the most significant objectives in the accounting development.[8, p. 56]

In particular, estimation of the practical significance of the accounting forms in the organization of accounting in multi-industry farms and arranging selection of accounting policy at the inadequate level, as well as disruptions in the information system, hinder solution of accounting tasks. As a result, this accounting form causes continuity of inefficient operation.

The rules regulating accounting as a practical performance of accounting staff include laws, guidelines, norms, standards, as well as special rules, traditions and even accounting practices.[9, p. 121]

It should be noted that not all economic (draught, calculation-based, regulatory) information constitutes the part of the accounting content and not all information is used for management needs.

In our opinion, the content of accounting can be defined as a set of information that has certain characteristics for the management of economic processes of the entity, representing peculiarities of the relationship between the actual data of financial and economic activities reflected in terms of time and place. This information must meet the needs of its internal and external users.

Therefore, the analysis of specific information needs should be based on methodological and organizational improvements in accounting. Meeting the increasing information needs of internal and external users

(especially investors, lenders and tax authorities) requires execution of accounting functions and objectives (strategic goals). The information can be effectively used by internal and external users through solution of the objectives set for accounting and implementation of its purpose only by means of the development of all the functions, technologies and mechanisms of accounting.

In reliance upon the statements specified above, the order of accounting, data processing algorithms, accounting and registers, methods and forms of information submission, deadlines for its receipt can be determined (selected) and in many respects this depends on the selected form of accounting.

From our point of view, the form of accounting is a set of accounting registers that determine the connection between synthetic and analytical accounting, technique and methodology of processes, technology and organization of accounting. In other words, the form of accounting implies the process of processing accounting information with a different combination of registers of analytical and synthetic accounting, their relationship and the sequence of recording in them.

In the research process we recommend to include the following aspects in the basic requirements for the accounting form:

organization of the accounting content;

progressive development of the accounting system;

consistency and rationality;

- cost-effectiveness and quality of accounting services to obtain necessary information about the business processes of the economic entity.

In the process of accounting development, the method of sequence of actions (development technique) and interconnection of elements (development mechanism) play an important role.[10, p. 5]

These aspects should be taken into consideration in the process of developing the form and content of accounting. Although the form of accounting is inseparable from its content, but it can have relative self-sufficiency in the current context of development of computational facilities, IT and the technique for the formation and modeling of semantic fragments of accounting.

Nowadays in accounting the method of formation of specific-purpose knowledge (modeling, programming, artificial symbol or formula) is successfully used and this knowledge is subject to clear rules of creating and modifying symbols, numbers, formulas, models. The rapidity of modifications and the ability to make them subjected to precise mathematical and logical rules ensure successful solution of cognitive tasks at the form level and enable a greater use of automated control systems (ACS) in accounting. However, the formation must be complemented by the reverse process, the interpretation of the sign, formula and other

“formalism”, i.e. interpretation of its content. Otherwise, there can be observed a common trend of making accounting process more complicated. As a result, the accounting form becomes the sole purpose of the means of organizing, expressing its content and its existence.

In our opinion, improvement of accounting should be based on the dialectical unity of the development of the form and content of accounting (see figure 1).

As it is obvious from figure 1, in order to manage all types of economic activities, it is necessary to organize the design of accounting in multi-industry farms to a level that solves the tasks assigned to them and performs the defined main functions. The analysis of the research has demonstrated that this aim is achieved by ensuring the unity of development of the form and content of accounting, the interaction of all its links. The use of the methodological basis of accounting provides a general approach to the organization of accounting in multi-industry farms, otherwise there will be no need for accounting at all. Therefore the issue of whether to use or not to use the chart of accounts in the accounting of business entities is controversial as well. There are conflicting views on this issue in the economic literature. Each author has proposed his own modified accounting registers and a form of its structure for use in the practice of accounting in agricultural business entities.

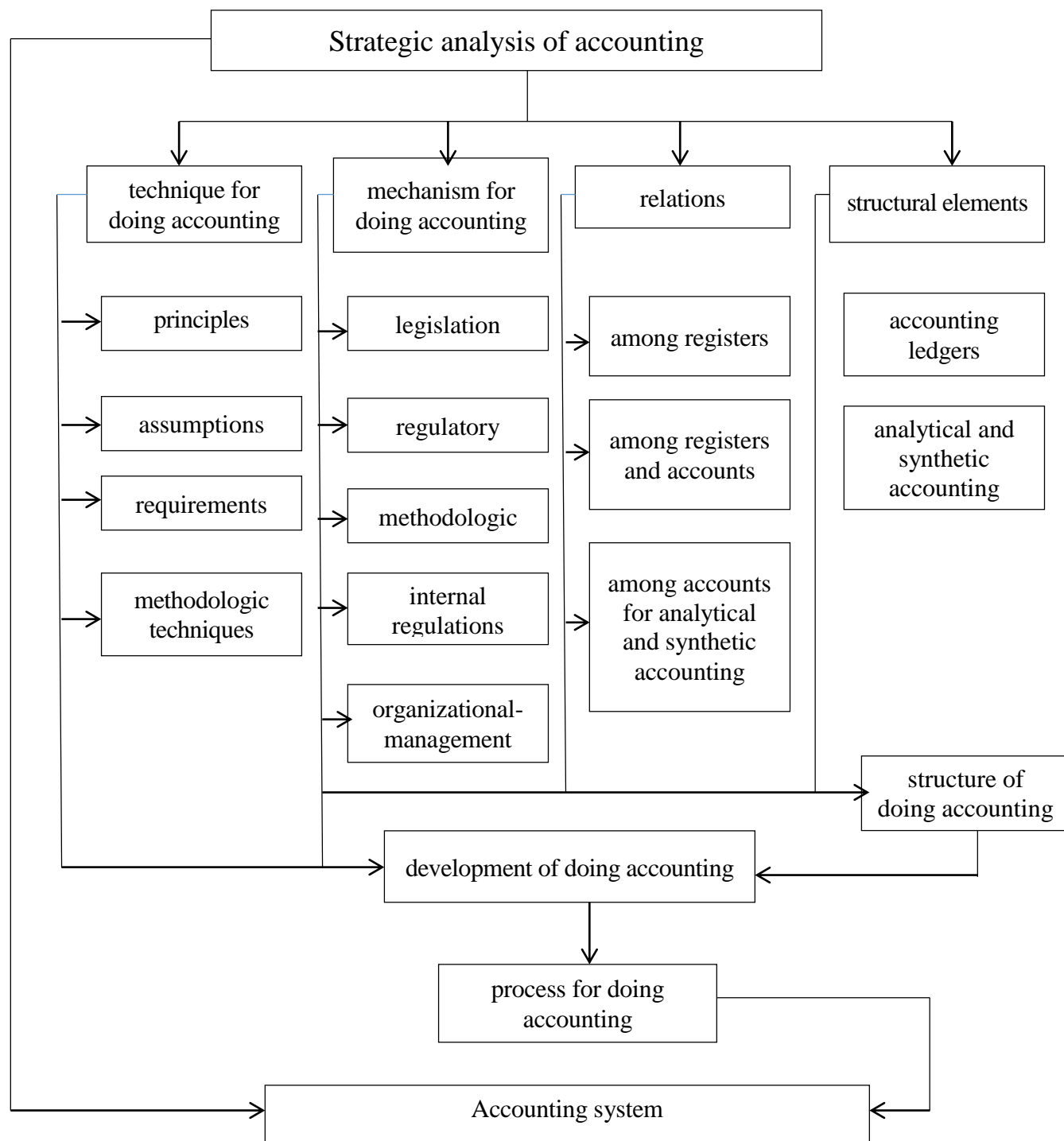


Figure 1. Conceptual model of the performance of the main elements of the accounting system in multi-industry farms.

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As it is obvious from Figure 1, with the aim of managing all types of economic activities it is necessary to design and organize accounting in multi-industry farms to the extent that it solves the tasks assigned thereupon and performs determined core functions.

Conclusion and proposals

In reliance upon the findings of the analysis it can be concluded that the system of accounting registers and accounting system are being optimized to use various forms of accounting, including the simplified form at the adequate level. However, a simplified chart of accounts can also be used taking into consideration the size of multi-industry farms, as well as the peculiarities of their activities and business processes. In addition, it is required to have respect to the level of training of employees of this economic entity in accounting.

Accounting at the multi-industry farms specialized in the production of one or more types of agricultural products can be handled on a simplified form of accounting. The basis for such accounting should rely upon the principle of “recognition” in the books of income and expenses. Herewith each economic entity should develop an independent accounting policy for accounting, its organization, and determine the selected forms, methods and principles.

Thus, taking into consideration the points, specified above, we propose to keep accounting of the business processes that take place in the activities of multi-industry farms on a simplified form of accounting, as well as in the relevant accounting registers and chart of accounts.

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